

Summary of Incentive Scheme

Incentive scheme approach

The incentive scheme will be run according to the following approach:

- An open and transparent process – information will be readily available about how proposals will be assessed and decisions made, scheme mechanisms will encourage competition
- Fair access – the incentives will be open to all landowners who are likely to be affected by nutrient reduction rules, there will be equal opportunities to apply for funding
- Well governed – there will be clear governance structures and accountability for decision making
- Based on efficient administration – we will use existing systems and resources where possible to ensure funding is used for the purpose intended
- Responsive to opportunities – within the boundaries of the agreed process we will engage with applicants to explore proposed outcomes and to look at funding options (such as loans, grants, joint ventures).

Draft principles

1. Nitrogen reduction to good management practice will not be incentivised
Incentives target the gap between good management practice and what the rules require. They are not intended to help farms get to good practice.
2. The most nitrogen reduction per dollar
All other things being equal, we will seek the lowest price for nitrogen
3. Only fund actions that make significant contributions
4. Reductions must be clear, quantifiable and measurable – e.g. through Overseer
5. We will only pay for the demonstrated cost of change
Funding should not be used to support nutrient reduction activities that are cost neutral to do or that are financially positive.
6. Perpetuity – we will fund activities that will achieve long term reductions
7. Nutrient reduction proposals with significant co-benefits will be favoured
Proposals that also include consideration of sustainable economic growth, natural capacity of the land, innovative technologies etc

Draft criteria

- Available to land or landowners that are affected by the rule
- Available to land within the catchment
- Relevant costs versus benefits of the project
- Science based evidence to support estimated reduction
- Collaboration with other organisations to maximise impact
- Track record of the applicant
- Ability to deliver the reductions